

AMENDED IN SENATE JUNE 25, 2012

AMENDED IN ASSEMBLY APRIL 11, 2012

CALIFORNIA LEGISLATURE—2011–12 REGULAR SESSION

## ASSEMBLY BILL

**No. 2350**

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**Introduced by Assembly Member Monning**

February 24, 2012

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An act to add Section 1348.95 to the Health and Safety Code, and to add Section 10127.19 to the Insurance Code, relating to health care coverage.

### LEGISLATIVE COUNSEL'S DIGEST

AB 2350, as amended, Monning. Health care coverage.

Existing law, the Knox-Keene Health Care Service Plan Act of 1975, provides for the licensure and regulation of health care service plans by the Department of Managed Health Care and makes a willful violation of the act a crime. Existing law provides for the regulation of health insurers by the Department of Insurance.

This bill would require health care service plans and health insurers to annually, commencing ~~March 31, 2013~~ *on the date specified health plans are required to report certain information under the federal Patient Protection and Affordable Care Act*, provide specified information regarding their plan contracts or policies to the Department of Managed Health Care or the Department of Insurance, as applicable, including claims payment policies and practices, periodic financial disclosures, and data on enrollment and disenrollment, as specified. *The bill would authorize the Director of the Department of Managed Health Care and the Insurance Commissioner to adopt rules and regulations necessary to implement these provisions, as specified. The*

*bill would also require the Department of Managed Health Care and the Department of Insurance to work with stakeholders to determine the form and manner of reporting the data according to these provisions and to avoid redundant reporting, and would authorize these departments to waive specified reporting requirements or modify the timeframe of existing reporting requirements, as specified.*

Because a willful violation of this reporting requirement by a health care service plan would be a crime, the bill would impose a state-mandated local program.

The California Constitution requires the state to reimburse local agencies and school districts for certain costs mandated by the state. Statutory provisions establish procedures for making that reimbursement.

This bill would provide that no reimbursement is required by this act for a specified reason.

Vote: majority. Appropriation: no. Fiscal committee: yes.  
State-mandated local program: yes.

*The people of the State of California do enact as follows:*

1 SECTION 1. It is the intent of the Legislature by enacting this  
2 ~~act that the reporting requirements for health care service plans~~  
3 ~~and health insurers be consistent with the reporting requirements,~~  
4 ~~including form and manner, imposed on qualified health plans~~  
5 ~~pursuant to Section 156.220 of Title 45 of the Code of Federal~~  
6 ~~Regulations to comply with Section 2715A of the federal Public~~  
7 ~~Health Services Act (42 U.S.C. Sec. 300gg-15a) and paragraph~~  
8 ~~(3) of subdivision (e) of the federal Patient Protection and~~  
9 ~~Affordable Care Act (42 U.S.C. Sec. 18031(e)(3)), and any~~  
10 ~~subsequent rules, regulations, and guidance promulgated or issued~~  
11 ~~pursuant to the provisions of these sections.~~

12 SEC. 2. Section 1348.95 is added to the Health and Safety  
13 Code, to read:

14 1348.95. (a) ~~Commencing March 1, 2013 on the date that a~~  
15 ~~health plan is required to report information pursuant to Section~~  
16 ~~1311(e)(3) of the PPACA (42 U.S.C. Sec. 18031(e)(3)), and at least~~  
17 ~~annually thereafter, every health care service plan, not including~~  
18 ~~a health care service plan offering specialized health care service~~  
19 ~~plan contracts, shall provide to the department, in a form and~~  
20 ~~manner determined by the department in consultation with the~~

Department of Insurance pursuant to subdivision (d), the following information:

- (1) Claims payment policies and practices.
- (2) Periodic financial disclosures.
- (3) Data on enrollment.
- (4) Data on disenrollment.
- (5) Data on the number of claims that are denied.
- (6) Data on rating practices.
- (7) Information on cost-sharing and payments with respect to any out-of-network coverage.
- (8) Information on enrollee rights.
- (9) Enrollee cost-sharing transparency.

(b) For the purposes of this section:

(1) "PPACA" means the federal Patient Protection and Affordable Care Act (PPACA; Public Law 111-148) as amended by the Health Care and Education Reconciliation Act of 2010 (Public Law 111-152), and any rules, regulations, and guidance promulgated or issued under that law.

(2) The terms used in subdivision (a) shall have the same meaning as established under the PPACA.

~~(b)~~

(c) (1) The data on enrollment specified in paragraph (3) of subdivision (a) shall include the number of enrollees as of December 31 of the prior year, that receive health care coverage under a health care service plan contract that covers individuals, a small group health care service plan contract as defined in Section 1385.01, or a large group health care service plan contract as defined in Section 1385.01, or under administrative services only business lines. ~~Health~~

(2) Health care service plans shall include the unduplicated enrollment data in specific product lines as determined by the department, including, but not limited to, HMO, point-of-service, PPO, ~~Medicare excluding Medicare supplement, and Medi-Cal managed care, and traditional indemnity non-PPO health insurance.~~ The department shall determine how to ensure when a health care service plan subcontracts with another health plan that duplicated enrollment data is not reported for the same enrollees.

(3) The department shall publicly report the data provided by each health care service plan pursuant to this section, including, but not limited to, posting the data on the department's Internet

1 Web site. The department shall consult with the Department of  
2 Insurance to ensure that the data reported is comparable and  
3 consistent.

4 *(4) The director may adopt rules and regulations necessary to*  
5 *implement the provisions of this section pursuant to the rulemaking*  
6 *provisions of the Administrative Procedure Act (Chapter 3.5*  
7 *(commencing with Section 11340) of Part 1 of Division 3 of Title*  
8 *2 of the Government Code).*

9 *(d) The department shall work with the Department of Insurance*  
10 *and with stakeholders to determine the appropriate format and*  
11 *manner for reporting the data under this section consistent with*  
12 *the requirements under federal law and to avoid redundant*  
13 *reporting. Until two years after the date specified in subdivision*  
14 *(a) or January 1, 2016, whichever comes first, the department may*  
15 *waive any reporting requirements it deems duplicative of the*  
16 *requirements specified in subdivision (a) and modify the timeframe*  
17 *for submission of these duplicative reports to be consistent with*  
18 *the timeframe specified in subdivision (a).*

19 SEC. 3. Section 10127.19 is added to the Insurance Code, to  
20 read:

21 10127.19. (a) ~~Commencing March 1, 2013 on the date that a~~  
22 *health plan is required to report information pursuant to Section*  
23 *1311(e)(3) of the PPACA (42 U.S.C. Sec. 18031(e)(3)), and at least*  
24 *annually thereafter, every insurer, that issues policies of health*  
25 *insurance, not including specialized health insurance policies, shall*  
26 *provide to the department, in a form and manner determined by*  
27 ~~the department in consultation with the Department of Managed~~  
28 ~~Health Care pursuant to subdivision (d), the following information:~~

- 29 (1) Claims payment policies and practices.  
30 (2) Periodic financial disclosures.  
31 (3) Data on enrollment.  
32 (4) Data on disenrollment.  
33 (5) Data on the number of claims that are denied.  
34 (6) Data on rating practices.  
35 (7) Information on cost-sharing and payments with respect to  
36 any out-of-network coverage.  
37 (8) Information on rights of insureds.  
38 (9) Insured cost-sharing transparency.  
39 (b) *For the purposes of this section:*

1 (1) “PPACA” means the federal Patient Protection and  
2 Affordable Care Act (PPACA; Public Law 111-148) as amended  
3 by the Health Care and Education Reconciliation Act of 2010  
4 (Public Law 111-152), and any rules, regulations, and guidance  
5 promulgated or issued under that law.

6 (2) The terms used in subdivision (a) shall have the same  
7 meaning as established under the PPACA.

8 ~~(b)~~

9 (c) (1) The data on enrollment specified in paragraph (3) of  
10 subdivision (a) shall include the number of covered lives, as of  
11 December 31 of the prior year, that receive health care coverage  
12 under a health insurance policy that covers individuals, a small  
13 group health insurance policy as defined in Section 10181, or a  
14 large group health insurance policy as defined in Section 10181,  
15 or under administrative services only business lines. ~~Insurers~~

16 (2) ~~Insurers~~ shall include the unduplicated enrollment data in  
17 specific product lines as determined by the commissioner,  
18 including, but not limited to HMO, point-of-service, PPO, ~~Medicare~~  
19 ~~excluding Medicare supplement~~, Medi-Cal managed care, and  
20 traditional indemnity non-PPO health insurance. ~~The~~

21 (3) The department shall publicly report the data provided by  
22 each insurer pursuant to this section, including, but not limited to,  
23 posting the data on the department’s Internet Web site. The  
24 department shall consult with the Department of Managed Health  
25 Care to ensure that the data reported is comparable and consistent.

26 (4) The commissioner may adopt rules and regulations necessary  
27 to implement the provisions of this section pursuant to the  
28 rulemaking provisions of the Administrative Procedure Act  
29 (Chapter 3.5 (commencing with Section 11340) of Part 1 of  
30 Division 3 of Title 2 of the Government Code).

31 (d) The department shall work with the Department of Managed  
32 Health Care and with stakeholders to determine the appropriate  
33 format and manner for reporting the data under this section  
34 consistent with the requirements under federal law and to avoid  
35 redundant reporting. Until two years after the date specified in  
36 subdivision (a), or January 1, 2016, whichever comes first, the  
37 department may waive any reporting requirements it deems  
38 duplicative of the requirements specified in subdivision (a) and  
39 modify the timeframe for submission of these duplicative reports  
40 to be consistent with the timeframe specified in subdivision (a).

1 SEC. 4. No reimbursement is required by this act pursuant to  
2 Section 6 of Article XIII B of the California Constitution because  
3 the only costs that may be incurred by a local agency or school  
4 district will be incurred because this act creates a new crime or  
5 infraction, eliminates a crime or infraction, or changes the penalty  
6 for a crime or infraction, within the meaning of Section 17556 of  
7 the Government Code, or changes the definition of a crime within  
8 the meaning of Section 6 of Article XIII B of the California  
9 Constitution.

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